

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

Voluntary - Public

**Clearance Office:** All - FAS

**Date:** 4/8/2009

**GAIN Report Number:** IN9050

## India

**Post:** New Delhi

### Weekly Highlights and Hot Bites No. 15

#### Report Categories:

Agriculture in the News

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#### Report Highlights:

\*Never mind lower inflation, you are still paying more for food\*, \*Rates of seven farm products rule below support price\*, \*Economists: Manifestos unrealistic...\*, \*...farm sector in crisis, but government out of depth\*, \*India-ASEAN Trade Pact to wait\*, \*India loses crops worth Rs.250 billion to spurious pesticides\*, \*Climate change costs insurance companies Rs.13.2 billion\*, \*Saran expresses disappointment\*, \*Another bird flu outbreak confirmed in Uttar Dinajpur district of West Bengal\*, \*Soy meal export up 6.5 percent in 2008-09\*.

## **General Information:**

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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## **NEVER MIND LOWER INFLATION, YOU ARE STILL PAYING MORE FOR FOOD**

The inflation rate has dropped to almost zero, but the prices that you pay for food continue to remain high, especially for essentials such as rice, sugar, and pulses. A quick perusal of the price chart of major retail chains shows that for commodities such as moong dal, toor dal, and urad dal (various pulses), prices have shot up by over 25 to 30 percent from a year ago. The premium *sona masoori* rice, grown mostly in Andhra Pradesh and Karnataka, is costlier by over 40 percent from the prices ruling a year ago. Sugar prices, too, have gone up by over 40 percent from a year ago level. (Source: Business Line, 04/14/09)

## **RATES OF SEVEN FARM PRODUCTS RULE BELOW SUPPORT PRICE**

At least seven agricultural commodities' prices are ruling below the minimum support price (MSP) established by the government. These include paddy, wheat, maize, millet, cotton, copra, and sunflower, according to Agriculture Ministry data. The reason for the prices to rule below MSP is bulging stocks and ample production. For example, even as wheat procurement began on April 1, its prices crashed to around Rs. 9,500 per ton in some of the mandis (grain markets) in Uttar Pradesh. (Source: Business Line, 04/06/09)

## **ECONOMISTS: MANIFESTOS UNREALISTIC ...**

Economists in the country feel that the measures announced in the election manifestos of the political parties are either highly populist with negative bearing on the government's financial balance sheet or too far fetched to be implemented in their totality. They expressed concern over the rising food subsidy bill of the government in the backdrop of the Congress and the Bhartiya Janta Party (BJP) indulging in competitive populism and also on the Left parties' pledge to review privatization of infrastructure projects through Public Private Partnership (PPP) – mode. Recently the Congress Party has promised Rs. 3 per kg of food grains to people

belonging to the below poverty line group, while the BJP has gone a step further by promising Rs. 2 per kg. (Source: Asian Age, 04/06/09)

### **... FARM SECTOR IN CRISIS, BUT GOVERNMENT OUT OF DEPTH**

Releasing a book documenting the decline of India's 100 million plus small farms, former Chairman of the National Commission on Farmers, M.S. Swaminathan compared the government attempt to address the crisis to "blind men feeling an elephant." In recent days, election manifestos have turned belated attention to India's beleaguered farmers, from suggesting low-interest agrarian loans to a food security law. But Swaminathan, speaking at the book release, called them "piecemeal measures not amounting to holistic and thoughtful policy." The book, *Agrarian Crisis in India*, brings together a collection of essays tracing the crisis of the livelihood unfolding since the past decade across the country –from the coffee plantations of Kerala to the dry cotton farms of Vidarbha to the lush cereal fields of Punjab, where thousands of farmers have killed themselves in recent years. (Source: Hindustan Times, 04/07/09)

### **INDIA – ASEAN TRADE PACT TO WAIT**

India will not be signing the ambitious Free Trade Agreement (FTA) with the 10-nation economic bloc, Association of Southeast Asian Nations (Asean), at the fourth East Asia summit to be held in Thailand on April 11 and 12. Commerce Minister Kamal Nath will be attending the summit, where the seventh India-Asean meeting is also scheduled at the same venue. Government sources confirmed that the FTA will not be signed during the summit. "Some issues on the FTA would come up for discussion," said an official. Thus, the new government, which will come to power in mid-2009, will take a call on signing the FTA. (Source: Business Standard, 04/07/09)

### **INDIA LOSES CROPS WORTH RS. 250 BILLION TO SPURIOUS PESTICIDES**

India is facing crop losses worth over Rs. 250 billion (\$5 billion) a year due to the use of spurious pesticides and insecticides, a leading farmers' body claimed, pegging the annual sales of such fake products at over Rs. 15 billion. Calling for a crackdown on the companies that sell such spurious items, *Bhartiya Krishak Samaj* president Kishan Bir Chaudhary said in a statement that out of four widely used products in northern India manufactured by at least 14 companies, as many as 11 companies failed to meet the parameters set by the government. About 30 percent of the sugar cane crops in Uttar Pradesh are lost due to such fake products, he added. The farmers' body picked up random samples of pesticides and insecticides from different places and sent them for testing to the Institute of Pesticide Formulation Technology, which has been accredited by the National Accreditation Board for testing and calibration

laboratories under the Ministry of Science and Technology. (Source: Financial Express, 04/07/09)

### **CLIMATE CHANGE COSTS INSURANCE COMPANIES RS. 13.2 BILLION**

Since 2006, two weather risk insurance companies, Agriculture Insurance Company (AIC) and ICICI Lombard, have paid out a compensation of Rs. 13.2 billion (\$ 266 million). About 1.3 million farmers have ensured themselves against climate change as it has brought unknown pests, unexpected rain, frosts and heat spells turning crop cultivation into a gamble. Cash crops like grapes, apple and coffee have been hit the hardest. The Chairman of AIC said that weather has become extremely erratic and it is showing in their balance sheets as the insurance policy has been mostly payouts. (Source: Hindustan Times, 04/06/09)

### **SARAN EXPRESSES DISAPPOINTMENT**

The Prime Minister's Special Envoy on Climate Change, Shyam Saran, expressed his disappointment at the progress so far achieved at the Bonn inter-governmental meeting. He said that there are no clear indications about the emission reduction targets for which developed countries are ready to commit, and the scale of financial and technological resources that would be available to the developing countries. He expressed surprise that EU and other countries were proposing carbon tax on products like cement, aluminum and steel from developing economies. India has been growing at 9% per annum over the last decade with only 4% increase in emissions. He said that India was already spending 2.5% of the GDP on a range of measures to cope with global warming. (Source: Hindustan Times, 04/08/09)

### **ANOTHER BIRD FLU OUTBREAK CONFIRMED IN UTTAR DINAJPUR DISTRICT OF WEST BENGAL**

On March 27, 2009, the Ministry of Agriculture confirmed an outbreak of the H5N1 strain of avian influenza in Uttar Dinajpur in the district of the West Bengal State. The test results from the dead bird samples collected from the outbreak area were confirmed by the High Security Animal Disease Laboratory (HSADL), Bhopal. The Ministry has issued a notification to the state government to follow the required avian influenza control and containment procedures. It has been decided that all poultry within a radius of three kilometers of the focus of infection should be culled. (Source: The Department of Animal Husbandry, dairy and Fisheries, Ministry of Agriculture Website)

### **SOY MEAL EXPORTS UP 6.5 PERCENT IN 2008-09**

Indian soy meal exports during fiscal 2008-09 grew by 6.5 percent to nearly 4.2 million tons compared with 3.9 million tons in the previous fiscal year, according to the Soybean Processors' Association of India (SOPA). Exports slumped 63 percent to 222,876 tons in March against 605,852 tons in the same month last year. In general, soy meal exports towards the second half of the financial year dipped as the financial crisis dented overseas demand and soybean farmers held back stocks in anticipation of better prices in the future. The major export destinations for soy meal were Vietnam, Thailand, Indonesia and Japan. (Source: Business Standard, 04/07/09)

#### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

<b>REPORT #</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
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IN9048	FAIRS: PFA Rule Relating to Nutritional Labeling of Packaged Food Implemented	04/03/09
IN9049	Sugar: Annual	04/08/09

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